

## **Intangible investments in France**

Definitions, methods and effect on growth

Developed economies have experienced a decrease in productivity growth during the 1990's. This has raised questions concerning the ability of source-of-growth models *à la* Solow to properly assess growth and factor productivity. This lack could be due to an inadequate measurement of production factors. Corrado, Hulten and Sichel (2005) (CHS) suggest that intangible investment be included as a production factor in the model, most of these intangibles being currently considered as intermediate consumption. Indeed, these expenses could be assimilated to capital given their impact on production processes and their service lives. This paper follows Corrado, Hulten and Sichel and aims at measuring intangible investment in France relying on detailed National Accounts data. However, some of these intangibles are not distinctly observable in the accounts. We then propose alternative methods based on production costs in order to evaluate these items. In France in 2004, intangible investment amounts to around 7% of GDP, while intangibles already registered in the National Accounts as GFCF represent about one third of total intangibles following CHS.